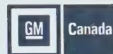


# GENERAL MOTORS OF CANADA LIMITED ANNUAL REPORT 1973



## IN MEMORIAM

The sudden death of John D. Baker on December 19, 1973, shortly after he left Canada to assume the position of General Manager of Oldsmobile Division, came as a severe shock to the people of General Motors and to his many friends in Canada.

His leadership of General Motors of Canada Limited during the two years he served as President, General Manager and Chief Executive Officer inspired its people. His active participation in the national affairs of Canada made a major contribution to the economy.

Mr. Baker had a distinguished career with General Motors. He held numerous executive positions, including the post of General Manager of several Divisions. The evidence of his achievements and outstanding ability will continue to be an inspiration.



JOHN D. BAKER  
1917 - 1973

**GENERAL MOTORS OF CANADA LIMITED**  
**ANNUAL REPORT 1973**

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## **HEAD OFFICE—OSHAWA, ONTARIO**

Plants in:

Oshawa, Ontario

London, Ontario

Scarborough, Ontario

St. Catharines, Ontario

Windsor, Ontario

Ste-Therese, Quebec

*On peut se procurer l'édition française de ce rapport en écrivant au Secrétaire, General Motors of Canada Limited, William Street, Oshawa, Ontario.*



## BOARD OF DIRECTORS



E. John Barbeau  
Former Executive  
Vice President and  
General Manufacturing  
Manager



David C. Collier  
President,  
General Motors and  
Chief Executive Officer



Francis E. Conlin  
Former Director of  
Manufacturing



Charles L. Jenkins  
Secretary and Treasurer



Howard H. Kehrl  
Vice President  
and Group Executive  
General Motors Corporation



John D. Mintline  
Vice President and  
Finance Manager



Richard L. Terrell  
Executive Vice President  
General Motors Corporation



J. Donald Thornton  
Comptroller



Edwin H. Walker  
Former President and  
General Manager

## OFFICERS

David C. Collier  
President, General Manager and  
Chief Executive Officer

John D. Duffy, Jr.  
Vice President and  
General Sales Manager

John D. Mintline  
Vice President and  
Finance Manager

Frederick W. Walker, Jr.  
Vice President and  
General Manager, Diesel Division

Richard C. Walter  
Vice President and  
General Manufacturing Manager

Charles L. Jenkins  
Secretary and Treasurer

J. Donald Thornton  
Comptroller

# HIGHLIGHTS

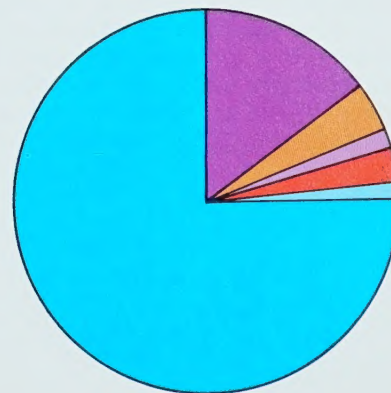
	1973	1972
<b>SALES OF ALL PRODUCTS</b> .....	<b>\$3,116,092,000</b>	<b>\$2,466,873,000</b>
<b>TOTAL UNIT SALES</b>		
Cars.....	618,000	500,000
Trucks and coaches.....	172,000	131,000
Total.....	790,000	631,000
<b>NET INCOME</b> .....	<b>\$ 113,899,000</b>	<b>\$ 94,196,000</b>
<b>TAXES</b>		
Income taxes.....	\$ 80,041,000	\$ 78,534,000
Other taxes.....	27,926,000	26,968,000
Total.....	\$ 107,967,000	\$ 105,502,000
<b>REAL ESTATE, PLANTS AND EQUIPMENT</b>		
Plant expenditures for year.....	\$ 45,472,000	\$ 31,900,000
Balance at December 31.....	269,414,000	270,114,000
<b>EMPLOYMENT</b>		
Average number of employees.....	28,700	26,600
Total payrolls.....	\$ 390,960,000	\$ 322,175,000

## WHAT HAPPENED TO THE REVENUE GM OF CANADA LIMITED RECEIVED DURING 1973

	millions	
<b>GM OF CANADA LIMITED RECEIVED</b>		
From sale of its products and other income.....	<b>\$3,128.2</b>	<b>100%</b>

## THIS REVENUE WENT

■ To suppliers for materials, services, etc.....	2,391.6	77%
■ To employees for payrolls, employee benefit plans, etc.....	470.3	15%
■ For income and other taxes.....	108.0	4%
■ To provide for depreciation of real estate, plants and equipment.....	44.4	1%
■ For dividends.....	72.4	2%
■ For use in the business to provide for expansion and modernization of facilities and for working capital.....	41.5	1%



## THE PRESIDENT'S LETTER



General Motors of Canada Limited sold more cars and trucks, employed more people, disbursed record payrolls and netted more income in 1973 than in any year in the Company's history. Sales revenue was a record \$3,116 million, surpassing the 1972 revenue of \$2,467 million by 26 percent. Record net income of \$114 million in 1973 was 21 percent higher than the \$94 million net income in 1972. Despite the higher volume of business, the net income as a percentage of sales decreased slightly to 3.7 percent in 1973, compared to 3.8 percent in 1972.

With the Canadian economy operating at close to the limits of its capacity during 1973, real national output increased at an annual rate of 7.1 percent, well above the long term growth rate of about 5.3 percent. Demand for cars and trucks as well as other products of General Motors of Canada was strong. Car and truck deliveries set records for ten consecutive months. Total GM passenger car retail sales in Canada of 351,917 were 25 percent ahead of the 281,714 retail sales of 1972 and total truck retail sales of 95,114 were 28 percent ahead of the previous year total of 74,249.

The high growth rate of the Canadian economy is expected to level somewhat in 1974. As a result, industry



automobile sales for 1974 are forecast to be down slightly from the 1973 record level. Industry truck sales, currently experiencing a growth rate in excess of nine percent, are expected to surpass the 1973 record level.

Diesel Division, at London, Ontario, set an all-time sales volume record in 1973 and forecasts for 1974 indicate sales will increase for all product lines—locomotives, coaches, TEREX earth-moving equipment and Diesel engines.

Canada, after provision for additional distribution systems, is expected to be more than self-sufficient in energy. It does not face as extensive an energy challenge as the United States and many other countries do. Canada's long-range future is a particularly bright one.

The energy situation has generated more consumer interest in small cars. However, demand for medium and full-size cars remains strong in Canada. General Motors of Canada will continue to offer its customers a variety of models which provide the traditional GM product value of quality, price, attractiveness, economy and resale.

Although higher fuel prices can be expected to accelerate demand for smaller special-purpose vehicles, larger cars, suitable for longer trips and larger families, will continue to be an important part of total passenger car sales.

The trend to multiple car ownership will accelerate in the years ahead. Families increasingly will find use for a smaller car to supplement the regular car. Paralleling this trend will be a greater demand for special-purpose trucks designed to serve specific transportation needs with maximum efficiency.

The future also calls for an expansion in public transportation. General Motors supports a balanced transportation system. While the car and truck remain the backbone of transportation in North America, there has been increasing recognition of the need for more public transportation. General Motors of Canada is in the business of providing the transportation that people want and need. In addition to GM's role in cars and trucks, the Diesel Division of General Motors of Canada is the leading Canadian supplier of buses and locomotives. Thus, GM of Canada stands ready to respond to the needs of the country.

A notable 1973 event was the settlement between General Motors of Canada and the United Automobile Workers of a new three-year labor agreement without a strike or a formalized strike deadline. The new contract provided GM of Canada hourly employees with the most comprehensive labor agreement in the Company's

history.

For 1974, GM of Canada can look forward to further expansion. Vega production at the Ste-Therese plant was increased 40 percent in January. In mid-1974, the production of the first Chevrolet and GMC vans will take place at the Scarborough plant.

GM of Canada's most important asset is its people. While General Motors has made great progress through high utilization of technical resources, the greatest potential for future progress lies in the better utilization of human resources. The Company is responding vigorously to this challenge with programs for organizational and management development.

The success of General Motors of Canada, in addition to the initiative and loyalty of its employees, could not have been achieved without the aid of its dealers, its suppliers and of course the loyalty of its customers. To all, we express our thanks and appreciation.



President  
January 29, 1974

# REVIEW OF OPERATIONS

The Canadian dealers of General Motors of Canada Limited sold a record number of cars and trucks during 1973. Sales records were established for ten consecutive months, beginning in March.

For the industry, the 1973 calendar year was a record one with retail sales in Canada amounting to 1,225,480 new cars and trucks. 971,250 passenger cars and 254,230 trucks were sold. These figures represented increases of 13 percent and 24 percent respectively over 1972.

General Motors of Canada Limited had record factory sales of 579,808 cars, trucks and coaches in 1973. This total compared with 459,128 units in 1972 and 508,665 units in 1971, the earlier record year. In addition, 210,527 imported General Motors vehicles were sold in Canada. Of the total General Motors units produced and imported, 467,368 were sold in Canada, 298,472 were shipped to the United States and 24,495 were exported to 35 other countries.

Dollar sales by General Motors of Canada Limited amounted to a record \$3.1 billion, a 26 percent increase over the 1972 sales level. The majority of this increase occurred in the Canadian domestic market.

Average employment during 1973

was 28,700 people and payrolls totalled a record \$391 million.

Net income was a record \$114 million, compared with \$94 million in 1972. Net income as a percentage of sales was 3.7 percent in 1973, compared to 3.8 percent in 1972. Dividends paid amounted to \$72.4 million, compared to \$58.2 million in 1972.

Total 1973 expenditures for plant and equipment in Canada amounted to \$45.5 million.

## **AUTOMOTIVE MANUFACTURING OPERATIONS**

A number of major changes to manufacturing operations were announced or instituted during 1973.

At Ste-Therese, where the Vega and Astre models are assembled, three major production and employment increases took place. Production rates increased from 320 cars daily in 1972 to 480 daily in May 1973, to 560 on October 1, and to 800 daily in January 1974.

Automotive component manufacturing increases were instituted at Oshawa, St. Catharines and Windsor plants in 1973. At St. Catharines, a foundry line was put into operation and was accelerated to full utilization on a three shift basis.

The Scarborough plant is now being

converted to produce Chevrolet and GMC vans. It will have a daily capacity of 240 vehicles, with the first van scheduled to be built in mid-1974.

At Oshawa, production of passenger cars was increased by 14 percent in March 1973. In April 1973, production of trucks was increased by approximately ten percent.

A noteworthy event in 1973 was the building of the two millionth truck by General Motors of Canada. The nine millionth vehicle to be built by GM of Canada was delivered in February 1974.

## **DIESEL DIVISION**

Operations at Diesel Division continued to accelerate during 1973. Sales volumes were at record rates for coaches, Diesel engines and TEREX earth-moving equipment. The TEREX line comprises haulers, loaders, self-propelled scrapers and crawler tractors. The sales volume for locomotives was at a high level.

In June, the first GM locomotive with a Canadian-designed cab was delivered to Canadian National Railways. Conceived by the customer and engineered for the GM locomotive by Diesel Division, the new cab includes many crew-oriented features.

In November, the 500th coach built during 1973 at the London, Ontario,



facility was delivered. Assembly of GM coaches at London began in September 1961, and more than 4,000 vehicles have been delivered in the interim. 1973 was an all-time high volume year.

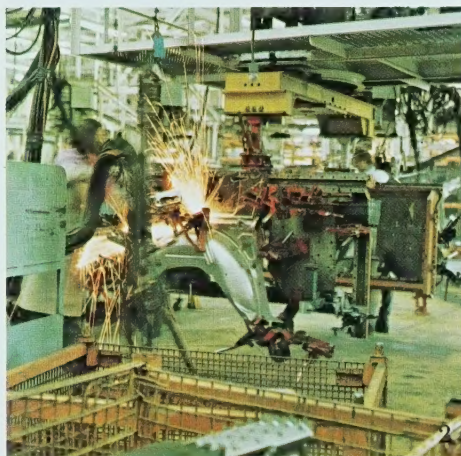
Demand for Detroit Diesel Allison engines and the 645 series Electro-Motive Diesel engines for installation in equipment serving the mining, construction, forestry, trucking, marine and industrial markets was at a record level.

Diesel Division is the world source for large General Motors Diesel-electric haulers. Substantial orders for the huge 150-ton model 33-15 TEREX truck were received from customers in Canada, the United States and Yugoslavia.

#### **OSHAWA REDEVELOPMENT**

A 2.5 acre site in the downtown area of Oshawa has been sold. The new owners took possession in April 1974. The building will be demolished and the site then will permit redevelopment in downtown Oshawa.

The building on the site, utilized since 1967 as a storage facility, had been used earlier for manufacturing and paint shop operations. Opened in 1900, it originally served as the manufacturing site of the McLaughlin Carriage Company and the McLaughlin Motor Car Company.





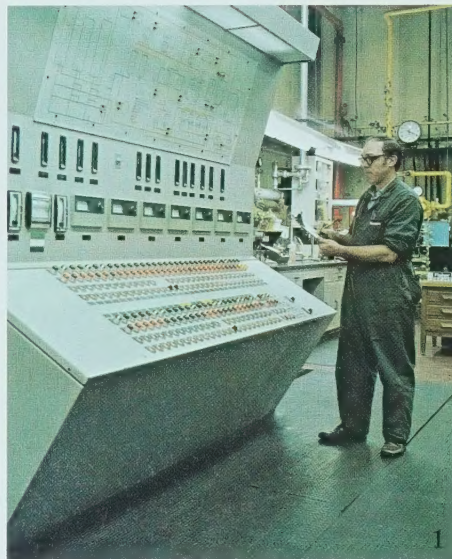
## INDUSTRIAL POLLUTION CONTROL

General Motors of Canada continues to pursue its program of pollution control to ensure clean air, clean water and noise abatement at all installations.

At Oshawa, a process waste water retention and clarifying installation for the car and truck assembly operations was put into operation in 1973.

At St. Catharines, a new multi-million dollar water purification program was announced in January 1973. At one plant complex, the installation comprises three 450,000 gallon holding tanks, a 75-foot diameter clarifier, a three-story building, and various tanks, vessels and equipment for the recovery and re-use of oils that are removed from the wastes. These facilities permit full treatment of the oily wastes before the water enters the city mains. This phase of the project was completed in March 1974.

The need for improved water treatment facilities at the second St. Catharines plant complex resulted from the success of new air emission control on cupolas and new, more efficient dust collectors that have essentially eliminated emissions from factory cupolas. Primarily water-washed processes, they are so effective in cleaning stack emissions that they pick up particles too fine to settle out of water naturally



within the time limits imposed by present equipment. The new program includes the installation of two clarifiers, each 130 feet in diameter, and a vacuum filter in addition to the present sludge bed to provide more efficient removal of suspended solids from water used at the foundry. This portion will be completed in May 1974.

Noise abatement continues to receive keen attention. Anti-noise measures include such aspects as quiet exhaust systems, pump enclosures, motor

silencers and the use of acoustic walls and enclosures. Quieter tools are being acquired. Exhaust air silencers, impact cushions, and vibration eliminators are being installed on machines.

## ENERGY CONSERVATION

Although General Motors always has been cognizant of the need for conservation of energy with its inherent cost saving aspects, accelerated efforts have been instituted. General Motors of Canada has established formal Energy Conservation Committees at all of its plants. These committees have the responsibility to determine measures to reduce the amount of energy required to operate our facilities. Examples include optimum maintenance of equipment and facilities; turning off unneeded lights; installation of more effective insulation; and recirculation of exhaust air to recapture heat. At Windsor Transmission, about 10,000 gallons of oil per month are reclaimed from the water treatment facility and are used to fire the boilers for steam generation.

## AUTOMOTIVE PRICING

Prices set on 1974 models resulted in the price differential between Canadian and U.S. vehicles again being lowered. Manufacturer's list prices were

increased an average \$165.50 on an equipped passenger car, or 3.7 percent, to recover a portion of the increased cost of labor, material, and mandated safety equipment. Price increases averaged 19 percent less than those in the United States.

### **COLD WEATHER TESTING**

February 14, 1973, marked the official opening of General Motors of Canada's permanent cold weather test facilities at Kapuskasing, Ontario.

The new test facility, comprising nearly 13,000 square feet of floor space, is situated on a 23.4 acre site. Cold weather tests have been conducted on vehicles built in Canada, the United States, the United Kingdom, the Federal Republic of Germany and Japan. General Motors conducts development tests on components which could be in GM cars of the future, if they prove themselves in these and other tests. The tests evaluate such aspects as cold start and driveaway, new emissions systems, defrosting systems, energy absorbing bumpers, experimental engines, heater operation, traction, accessory operation, lubricants, fuels, electrical components and overall performance and durability.

The company first began winter testing in the Kapuskasing area a quarter

of a century ago, conducting extensive programs there.

### **EDUCATIONAL ACTIVITIES**

General Motors of Canada has an extensive interest in education. The GM Canadian University Scholarship Program provides awards to Canadian citizens who are university students enrolled in the final two years of a program in engineering, mathematics, business administration or economics. Currently, the Program benefits 68 students at 17 Canadian universities. In addition, a grant-in-aid is made to each university participating in the GM Scholarship Program.

During 1973, General Motors of Canada selected 38 secondary school graduates for enrolment at General Motors Institute, Flint, Michigan, which offers five-year bachelor degree programs in mechanical, industrial and electrical engineering and in industrial administration. As cooperative students, the young men and women spend alternate six-week periods at school and working in the sponsoring plant. Engineering graduates are recognized as such by the Association of Professional Engineers of Ontario. There are 110 Canadian students enrolled at General Motors Institute.

Also, 26 students were enrolled in a

similar cooperative program with the University of Waterloo during 1973. A new cooperative program begins in 1974 involving four students at the University of Sherbrooke.

General Motors of Canada annually donates or sells at special prices vehicles and components to accredited educational institutions for training purposes. In addition, GM of Canada has a program whereby GM dealers are paid a special allowance for each vehicle loaned to high schools for use in driver education courses. During the 1972-73 school year, 952 cars and trucks were provided to schools by GM dealers.

### **CHARITABLE CONTRIBUTIONS**

In 1973, General Motors of Canada continued to contribute to charitable, educational and community organizations in localities in which it has facilities. Such contributions, except in the case of education, are generally related to the size and employment of the GM operations in a given community. At the national level, General Motors contributes to organizations where GM participation is appropriate and justified.

General Motors of Canada also encourages its employees to support worthy charitable organizations, particularly the United Way, both financially and with personal efforts.



## **DEALER PROGRAMS**

General Motors cars and trucks are marketed in Canada by a network of 1,050 dealers located across the country. These dealerships are independent businesses that maintain large investments in sales, parts and service facilities. They employ approximately 28,000 men and women and their combined investment is approximately \$200 million.

In addition, 400 United Delco-AC distributors market automobile service parts and equipment.

At the end of 1973, Detroit Diesel Allison products were available through eight independent distributors with a total of 27 outlets throughout Canada. These distributors in turn had agreements with 255 service dealers.

TEREX equipment is sold in Canada by dealers located across the country in 25 locations.

During 1973, General Motors franchised 24 additional automotive dealers. In addition, substantial improvements were made throughout the dealer organization. Many dealership premises were improved and approximately 800,000 square feet of floor space were added as dealer facilities were expanded, of which about 480,000 square feet were devoted to service facilities. Improvements were made in passenger car deliveries and in customer satisfaction.

A revised system expedites delivery of replacement parts from the central warehouse at Oshawa to the seven field warehouses and to the automotive dealers.

More than 7,000 people attended service training courses during 1973, receiving over 115,000 hours of instruction. In 1973, a series of Business Management Programs was established to assist GM automotive dealers, their management teams and their sales personnel to manage and sell more effectively.

A comprehensive dealer information program also has been established to keep dealers apprised of public issues that affect their business.

## **ORGANIZATIONAL CHANGES**

Effective November 5, 1973, David C. Collier, formerly Treasurer of General Motors Corporation, succeeded John D. Baker as President, General Manager and Chief Executive Officer of General Motors of Canada Limited and was elected a member of the Board of Directors.

Mr. Collier, a native of Alberta, had served as Assistant Comptroller of GM of Canada, during the period 1965 to 1968. Mr. Baker was appointed General Manager of Oldsmobile Division of General Motors Corporation. Mr.

Baker died on December 19, 1973, following a brief illness.

Another senior appointment during 1973 was the naming of Richard C. Walter as Vice President and General Manufacturing Manager, effective April 1. He is in charge of all manufacturing, manufacturing engineering, and production control for all GM of Canada automotive operations.

E. John Barbeau, Executive Vice President and General Manufacturing Manager, went on Disability Leave of Absence beginning January 25, 1973. Mr. Barbeau retired December 1, 1973, under the provisions of the General Motors Retirement Program. He remains a member of the Board of Directors.

Elected to the Board of Directors during 1973 were: Francis E. Conlin of Oshawa, Ontario, former Director of Manufacturing for the company; Howard H. Kehrl, Vice President and Group Executive, General Motors Corporation, Detroit, Michigan; Richard L. Terrell, Executive Vice President, General Motors Corporation, Detroit, Michigan; J. Donald Thornton, Comptroller, Oshawa, Ontario; and Edwin H. Walker, of St. Catharines, former President and General Manager of General Motors of Canada Limited.



# PEOPLE OF GM OF CANADA

Average GM of Canada employment during 1973 was 28,700 men and women and payrolls totalled a record \$391 million. In 1972, average employment was 26,600 and payrolls totalled \$322 million.

Average hourly employment in Canada was 21,700 in 1973, and payrolls totalled \$286 million. Wages for these men and women averaged \$6.24 per hour for an average workweek of 40.5 hours. This compared with \$5.65 per hour for an average workweek of 39.4 hours in 1972.

The average weekly wage of General Motors of Canada's hourly employees in 1973 was \$252.89. This was \$85.78 or more than 51 percent above the average weekly earnings of \$167.11 reported for all Canadian manufacturing employees by Statistics Canada. These earnings do not include employee benefit programs which have been expanded significantly over the years. In 1973, General Motors of Canada contributed \$73.8 million to employee benefit programs which offer employees help in planning for the future and in providing security for themselves and their families.

## EDUCATIONAL AID FOR EMPLOYEES

During 1973, 516 Canadian hourly and salaried employees continued their ed-

ucation through participation in the Tuition Refund Plan. Bachelor degrees were earned by two employees and graduate degrees were awarded to four employees.

Substantial improvements were made to the GM Tuition Refund Plan in December 1973. The amount refundable for courses taken at other than an accredited college or university was raised from \$250 to \$350 per year. The annual amount refundable for courses taken at an accredited college or university was increased from \$500 to \$700.

## SAVINGS-STOCK PURCHASE PROGRAM

The Canadian GM Savings-Stock Purchase Program provides eligible salaried employees with a sound, convenient system for saving.

Up to ten percent of base salary and cost-of-living allowance may be saved by the employee. For each \$2 invested in the Program by the employee, \$1 is contributed by General Motors of Canada. The Company's contribution and one-half the savings of the employee are invested in General Motors common stock while the other half of the employee's savings is invested in Canadian government securities.

Effective January 1, 1974, improve-

ments were made in the Program, including the reduction of the class maturity period from five to three years, commencing with the 1972 class; the acceleration of the maturity of classes formed in the years 1969 through 1971 to provide a transition to the three-year vesting; and the reduction in the eligibility requirement for participation from one year to six months of employment.

In 1973, 74 percent of eligible salaried employees in Canada participated in the Program, saving eight percent of their salaries. 3,557 employees in the class of 1968 when it matured at the end of 1973 received or were credited with GM common stock, Government securities and cash valued at \$3,950,000.

## SUGGESTION PLAN

The GM Suggestion Plan, in operation for 31 years, provides hourly and eligible salaried employees with the opportunity to earn awards of up to a maximum \$10,000 for suggestions that improve methods, product design and product quality; result in material and cost savings; or provide for improvements of in-plant safety.

In recent years, employees of all Divisions and subsidiaries of General Motors Corporation also have been eligible to earn awards for adopted suggestions





which improve product safety on any General Motors product regardless of the unit affected. Awards are based on the total benefits to General Motors rather than a single unit. This procedure assures that the application of the suggestion is extended throughout General Motors. A similar procedure was instituted in 1973 covering suggestions to conserve energy.

During 1973, Canadian employees earned \$968,642 for 16,385 accepted suggestions, up from the \$755,119 paid in 1972. There were two maximum awards of \$10,000 each and 132 employees earned awards in excess of \$1,000.

#### **BENEFIT PROGRAMS**

In addition to the Savings-Stock Purchase Program, comprehensive employee benefits are provided to salaried employees through the Insurance Program and the Retirement Program.

In December 1973, substantial improvements in the Insurance Program were announced. Modifications will become effective in 1974, including dental insurance, comprehensive medical expense insurance, extended disability benefits, survivor insurance and optional life insurance. Certain improvements in hospital and medical expense benefits will become effective October 1, 1975.

Significant improvements also were made in the Retirement Program and a new layoff benefit plan for salaried employees was instituted.

#### **PERFORMANCE IMPROVEMENT INCREASE**

Effective September 16, 1973, eligible salaried employees received performance improvement increases ranging from \$40 to \$100 a month plus a cost-of-living adjustment of \$17.33 a month. Effective December 1, 1973, \$43.34 of the cost-of-living allowance was transferred to monthly base salaries. Also from that date, the quarterly adjustments will be based on a combined Canadian-U.S. index with a \$5.20 per quarter adjustment for each 0.3 point change in the applicable three-month average of the combined index, using a 1967 index base. Currently, the cost-of-living allowance is \$124.80.

#### **REVISED LABOR AGREEMENT**

A new three-year contract covering all economic, national and local contract matters for UAW-represented GM employees at the manufacturing plants in Canada became effective December 17, 1973.

Following is a summary of the major economic provisions of the revised labor agreement.

A wage increase of 33 cents to 44 cents an hour, depending on the employee's base rate, retroactive to September 15, 1973, was provided.

On December 3, 1973, the cost-of-living allowance was increased from 29 cents to 41 cents an hour and effective December 17, 1973, 25 cents of this hourly allowance was transferred to the base rates of employees.

Annual improvement factor wage increases of three percent will be provided on September 23, 1974 and September 22, 1975.

The new contract also contains a six-year pension agreement which includes substantial improvements in the benefit amounts. Unreduced benefits are provided for retirement at age 55, for employees with 30 or more years of credited service.

Total monthly benefits payable for retirement of an hourly employee with 30 or more years of credited service as early as age 55 are: for retirement after February 28, 1974—\$550; after September 30, 1974—\$625; after September 30, 1976—\$650; after September 30, 1978—\$700. These total monthly benefits are payable to age 65. There also are substantial improvements in the basic monthly benefits payable for a retired employee's lifetime.

Insurance improvements under the



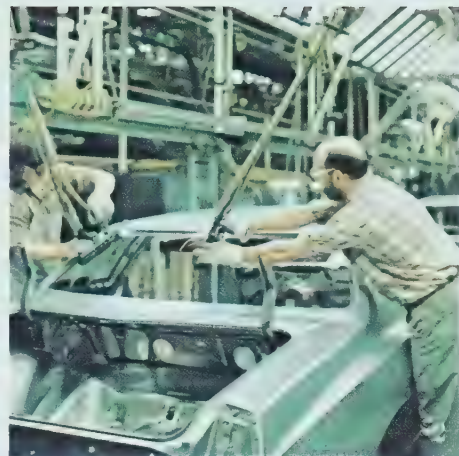
agreement include higher amounts of life insurance and sickness and accident benefits, as a result of increased wages, and effective October 1, 1975, increased survivor income benefits and certain improvements in hospital and medical expense benefits.

Effective October 1, 1974, a comprehensive dental expense plan will be provided for active employees with at least one year of seniority and for their eligible dependents. Benefits will be paid up to \$750 per year per person for preventive, restorative and prosthetic services. In addition, the plan provides for a maximum lifetime benefit of \$500 for orthodontic services for each dependent child under 19 years of age. Plan payments will range from 100 percent to 50 percent, depending upon the type of dental service.

To minimize the effect of a layoff, hourly employees are covered by a Supplemental Unemployment Benefit Plan. It supplements government unemployment insurance. Eligible employees on a full week of layoff can receive up to 95 percent of after tax take-home pay, less \$7.50 for work-related expenses. Changes in this plan were made to provide additional funding.

Other changes include improvements in holiday pay, bereavement pay and vacation pay as well as increased tool

allowance for apprentices. Holidays were added to provide time off during the periods—December 24, 1973 through January 1, 1974; December 23, 1974 through January 1, 1975; and December 24, 1975 through January 2, 1976. In 1975, and in 1976, the Friday before Victoria Day is provided as an additional holiday. The Tuition Refund Program has been increased. New procedures were agreed upon with respect to health and safety.







**GENERAL MOTORS OF CANADA LIMITED**  
**STATEMENT OF INCOME AND**  
**NET INCOME RETAINED FOR USE IN THE BUSINESS**

for the years ended December 31, 1973 and 1972

	<u>1973</u>	<u>1972</u>
<b>NET SALES</b> (Note 2).....	<b>\$3,116,091,624</b>	<b>\$2,466,873,171</b>
Other income less income deductions.....	<u>12,124,204</u>	<u>5,766,622</u>
<b>TOTAL</b> .....	<b><u>3,128,215,828</u></b>	<b><u>2,472,639,793</u></b>
 <b>COSTS AND EXPENSES</b>		
Cost of sales and other operating charges, exclusive of items listed below.....	<b>2,726,859,322</b>	2,146,498,733
Selling, general and administrative expenses.....	<b>73,429,147</b>	65,561,056
Depreciation of real estate, plants and equipment (Note 3).....	<b>44,386,384</b>	43,568,529
Amortization of special tools (Note 3).....	<b>79,797,181</b>	36,591,158
Interest expense (Note 4).....	<b>9,803,616</b>	7,690,177
Provision for income taxes (Note 5).....	<b>80,041,000</b>	78,534,236
<b>TOTAL</b> .....	<b><u>3,014,316,650</u></b>	<b><u>2,378,443,889</u></b>
 <b>NET INCOME</b> .....	<b>113,899,178</b>	94,195,904
 <b>NET INCOME RETAINED FOR USE IN</b> <b>THE BUSINESS</b> at beginning of the year.....	<b>328,409,505</b>	292,372,376
<b>TOTAL</b> .....	<b>442,308,683</b>	386,568,280
 <b>LESS CASH DIVIDENDS</b> .....	<b><u>72,434,750</u></b>	<u>58,158,775</u>
 <b>NET INCOME RETAINED FOR USE IN</b> <b>THE BUSINESS</b> at the end of the year.....	<b><u>\$ 369,873,933</u></b>	<b><u>\$ 328,409,505</u></b>


Reference should be made to the Notes to Financial Statements (pages 22 through 24).

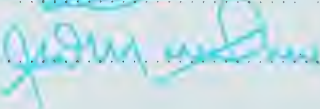
**GENERAL MOTORS  
OF CANADA LIMITED**

ASSETS		
	1973	1972
<b>CURRENT ASSETS</b>		
Cash.....	\$ 10,268,054	\$ 4,082,071
Time deposits and marketable securities—at cost which approximates market.....	151,435,667	61,000,000
Accounts and notes receivable:		
Trade—affiliated companies.....	99,796,668	87,091,854
Other trade and sundry.....	85,407,353	88,268,489
Inventories (Note 6).....	265,829,998	230,400,683
Prepaid expenses and deferred income taxes.....	13,955,107	774,585
<b>TOTAL CURRENT ASSETS.....</b>	<b>626,692,847</b>	<b>471,617,682</b>
<b>PROPERTY (Note 3)</b>		
Real estate, plants and equipment.....	650,631,809	615,591,689
Less accumulated depreciation.....	381,217,618	345,477,338
Net real estate, plants and equipment.....	269,414,191	270,114,351
Special tools—less amortization.....	19,748,682	44,902,856
<b>TOTAL PROPERTY.....</b>	<b>289,162,873</b>	<b>315,017,207</b>
<b>OTHER ASSETS.....</b>	<b>698,579</b>	<b>1,032,524</b>
<b>TOTAL ASSETS.....</b>	<b>\$916,554,299</b>	<b>\$787,667,413</b>

Reference should be made to the Notes to Financial Statements (pages 22 through 24).

Approved by the Board:

.....Director

.....Director



**BALANCE SHEET**  
**DECEMBER 31, 1973 AND 1972**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	<u>1973</u>	<u>1972</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable:		
Trade—affiliated companies.....	\$ 66,558,508	\$ 40,885,221
Other trade and sundry.....	122,752,739	83,566,337
Income and other taxes payable.....	25,690,784	42,386,436
Other accrued liabilities.....	101,008,955	66,786,142
Current portion of long-term debt.....	50,000,000	—
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>366,010,986</b>	<b>233,624,136</b>
<b>LONG-TERM DEBT (Note 4).....</b>	<b>90,502,219</b>	<b>140,502,219</b>
<b>DEFERRED INCOME TAXES.....</b>	<b>11,929,000</b>	<b>7,635,218</b>
<b>OTHER LIABILITIES.....</b>	<b>4,701,559</b>	<b>3,959,733</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock—\$100 par value; authorized, issued and fully paid, 703,250 shares.....	70,325,000	70,325,000
Capital surplus (principally additional paid-in capital).....	3,211,602	3,211,602
Net income retained for use in the business.....	369,873,933	328,409,505
<b>TOTAL SHAREHOLDERS' EQUITY.....</b>	<b>443,410,535</b>	<b>401,946,107</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....</b>	<b>\$916,554,299</b>	<b>\$787,667,413</b>

**GENERAL MOTORS OF CANADA LIMITED**  
**STATEMENT OF CHANGES**  
**IN FINANCIAL POSITION**

for the years ended December 31, 1973 and 1972

	1973	1972
<b>SOURCE OF FUNDS</b>		
Net income . . . . .	\$113,899,178	\$ 94,195,904
Depreciation of real estate, plants and equipment . . . . .	44,386,384	43,568,529
Amortization of special tools . . . . .	79,797,181	36,591,158
Deferred income taxes—net . . . . .	4,293,782	391,883
Total current operations . . . . .	242,376,525	174,747,474
Proceeds from disposals of property . . . . .	1,786,125	298,140
Notes payable to parent company . . . . .	—	40,502,219
<b>TOTAL</b> . . . . .	<b>244,162,650</b>	<b>215,547,833</b>
<b>APPLICATION OF FUNDS</b>		
Dividends paid . . . . .	72,434,750	58,158,775
Expenditures for real estate, plants and equipment . . . . .	45,472,349	31,899,601
Expenditures for special tools . . . . .	54,643,007	72,483,051
Current portion of long-term debt . . . . .	50,000,000	—
Other—net . . . . .	(1,075,771)	3,440,623
<b>TOTAL</b> . . . . .	<b>221,474,335</b>	<b>165,982,050</b>
<b>INCREASE IN WORKING CAPITAL</b> . . . . .	<b>22,688,315</b>	<b>49,565,783</b>
<b>WORKING CAPITAL AT BEGINNING</b>		
<b>OF THE YEAR</b> . . . . .	<b>237,993,546</b>	<b>188,427,763</b>
<b>WORKING CAPITAL AT END OF THE YEAR</b> . . . . .	<b>\$260,681,861</b>	<b>\$237,993,546</b>
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>		
<b>BY ELEMENT</b>		
Cash, time deposits and marketable securities . . . . .	\$ 96,621,650	(\$ 13,869,714)
Accounts and notes receivable—other . . . . .	(2,861,136)	40,570,469
Inventories . . . . .	35,429,315	17,169,368
Prepaid expenses and deferred income taxes . . . . .	13,180,522	204,679
Notes and accounts payable:		
Affiliated companies—net . . . . .	(12,968,473)	7,891,016
Other . . . . .	(39,186,402)	(23,785,252)
Income and other taxes payable . . . . .	16,695,652	41,087,456
Other accrued liabilities . . . . .	(34,222,813)	(19,702,239)
Current portion of long-term debt . . . . .	(50,000,000)	—
<b>INCREASE IN WORKING CAPITAL</b> . . . . .	<b>\$ 22,688,315</b>	<b>\$ 49,565,783</b>

Reference should be made to the Notes to Financial Statements (pages 22 through 24).





## GENERAL MOTORS OF CANADA LIMITED

### NOTES TO FINANCIAL STATEMENTS

#### 1. Transactions in Foreign Currencies

Transactions in foreign currencies have been stated in Canadian currency at the average rates of exchange for the months in which they occurred. The current portions of assets and liabilities which are to be settled in foreign currencies have been stated in Canadian currency at the rates of exchange in effect at the balance sheet dates; the non-current portions of such assets and liabilities have been stated in Canadian currency at rates which were in effect at the dates of the related transactions.

#### 2. Net Sales

The Company is engaged primarily in a single class of business—the manufacture, assembly and distribution of products which relate to transportation equipment consisting principally of passenger cars, trucks, coaches and locomotives as well as parts and accessories. Net sales included sales to affiliated companies of \$1,144,634,344 in 1973 and \$1,006,310,083 in 1972.

#### 3. Property

Real estate, plants and equipment consisted of the following:

	1973	1972
Land, buildings and improvements.....	\$218,919,974	\$213,363,413
Machinery, equipment and furniture.....	398,940,369	389,906,788
Construction in progress.....	32,771,466	12,321,488
Total.....	<u>\$650,631,809</u>	<u>\$615,591,689</u>

Property is stated at cost. Maintenance, repairs, rearrangement expenses and renewals and betterments which do not enhance the value or increase the basic productive capacity of the assets are charged to costs and expenses as incurred.

The annual group (composite) rates of depreciation are, with minor exceptions, as follows:

Classification of Property	Annual Group Rates
Land improvements	5%
Buildings	3½%
Machinery and equipment	8½% (Average)
Furniture and office equipment	6% (Average)

Depreciation is not provided in excess of 100% of the gross book amount of a given group as a whole. Depreciation on groups which are not 100% depreciated is, with minor exceptions, accrued at 150% and 100% of the applicable rate shown above for the first and second thirds, respectively, of estimated useful life and thereafter at 50% of such rate for the balance of time the assets remain in service. Use of this accelerated method accumulates depreciation of approximately two-thirds of the depreciable cost during the first half of the estimated lives of the property.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 3. Property (concluded)

Expenditures for special tools are amortized, with the amortization applied directly to the asset account, over short periods of time because the utility value of the tools is radically affected by frequent changes in the design of the functional components and appearance of the product. Replacement of special tools for reasons other than changes in products is charged directly to cost of sales.

### 4. Long-Term Debt and Interest Expense

Long-term debt consists of the following:

	1973	1972
Notes payable to Canadian Chartered Banks.....	\$100,000,000	\$100,000,000
Notes payable to General Motors Corporation— repayable in 1977.....	40,502,219	40,502,219
	140,502,219	140,502,219
Less amount currently payable.....	50,000,000	—
Total long-term debt.....	<u>\$ 90,502,219</u>	<u>\$140,502,219</u>

Under the terms of a loan agreement with several banks, the Company borrowed \$100,000,000 on September 15, 1971, repayable on September 15, 1976, or sooner, at the option of the Company, and agreed to maintain working capital of at least \$75,000,000 and shareholders' equity of at least 2½ times the outstanding principal amount of the loan.

Interest expense includes interest on long-term debt of \$9,796,549 in 1973 and \$7,690,177 in 1972.

### 5. Income Taxes

The provision for income taxes consists of the following:

	1973	1972
Taxes payable currently.....	\$90,842,809	\$76,489,762
Deferred income taxes.....	(10,801,809)	2,044,474
Total.....	<u>\$80,041,000</u>	<u>\$78,534,236</u>

Investment tax credits allowable under the income tax laws are deducted in determining taxes estimated to be payable currently and are deferred and amortized over the lives of the related assets. The tax effects of timing differences between pre-tax accounting income and taxable income are deferred.

### 6. Inventories

Inventories are stated at the lower of cost or market. Cost is determined substantially by the first-in, first-out or the average cost method. Market value is current sales price less distribution cost for finished product and replacement cost for other inventories. Physical inventories are taken at all locations annually.

## NOTES TO FINANCIAL STATEMENTS (concluded)

### 7. Pension Program

The Company participates with certain affiliated Canadian companies in pension plans covering substantially all of its employees. Late in 1973, these plans were amended, subject to shareholders' approval and favourable Government rulings to provide for substantially increased benefits.

As of December 31, 1973, based on the plans prior to amendment, the actuarially computed value of vested benefits for these plans is approximately equal to the total of the pension funds, at market, and balance sheet accruals. The unfunded past service pension costs amounted to approximately \$218 million. These past service costs are being funded and amortized in the period extending through 1989.

### 8. Remuneration of Officers and Directors

The following information is reported in accordance with the requirements of Section 122.2 of the Canada Corporations Act:

In 1973, \$4,333 was paid by the Company to three of the fifteen persons who served as directors in 1973; remuneration as officers aggregating \$1,193,665 was paid by the Company to the nine persons who served as officers, seven of whom also served as directors.

### 9. Contingent Liabilities

There are various claims and pending actions against the Company in respect of product liability, warranties and other matters arising out of the conduct of the business. The amounts of liability on these claims and actions at December 31, 1973 were not determinable but, in the opinion of management, the ultimate liability resulting will not materially affect the financial position or results of operations of the Company.

#### AUDITORS' REPORT

DELOITTE, HASKINS & SELLS  
Chartered Accountants

Royal Trust Tower  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1K4

To the Shareholders of General Motors of Canada Limited:

We have examined the Balance Sheet of General Motors of Canada Limited as at December 31, 1973 and 1972 and the related Statements of Income and Net Income Retained for Use in the Business and Changes in Financial Position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at December 31, 1973 and 1972 and the results of its operations and the changes in its financial position for the years then ended, in accordance with generally accepted accounting principles consistently applied.

January 29, 1974.

*Deloitte, Haskins & Sells*





## STATISTICAL SUMMARY

### UNIT SALES OF CARS, TRUCKS AND COACHES

Year	Manufactured in Canada			Imported Vehicles	Total Unit Sales	Unit Sales by Areas		
	Cars	Trucks and Coaches	Total Factory Sales			Canada	United States	Other Countries
1964	245,797	47,570	293,367	22,800	316,167	295,865	—	20,302
1965	350,539	67,988	418,527	23,255	441,782	401,176	—	40,606
1966	286,449	69,958	356,407	38,136	394,543	356,491	7,627	30,425
1967	312,060	73,767	385,827	86,198	472,025	338,822	102,872	30,331
1968	336,715	86,864	423,579	114,418	537,997	361,455	142,982	33,560
1969	393,956	107,178	501,134	130,971	632,105	353,546	247,205	31,354
1970	222,243	68,684	290,927	100,797	391,724	210,760	154,180	26,784
1971	407,175	101,490	508,665	179,824	688,489	358,816	293,610	36,063
1972	353,924	105,204	459,128	171,918	631,046	350,999	254,994	25,053
1973	443,384	136,424	579,808	210,527	790,335	467,368	298,472	24,495









## FRONT COVER

1. Totem Pole  
Vancouver  
British Columbia
2. Moraine Lake  
Banff National Park  
Alberta
3. Wheat Harvest  
Great Regina Plain  
Saskatchewan
4. Legislative Building  
Winnipeg  
Manitoba
5. Ontario Place  
Toronto  
Ontario
6. Percé Rock  
Gaspé Peninsula  
Quebec
7. Scenic Countryside  
New Brunswick
8. Peggy's Cove  
Nova Scotia
9. Lobster Traps  
Prince Edward Island
10. Trinity  
Newfoundland



## BACK COVER

1. Operator at Windsor Trim  
plant sewing seat trim.
2. Spot welding bodies of Vega  
automobiles, Ste-Therese.
3. Final adjustments in engine  
compartment of a GM bus,  
Diesel Division, London.
4. Control console, waste  
treatment facility, Windsor  
Transmission.
5. Air gauge check of all  
machined surfaces and  
tolerances of a transmission  
case, Windsor Transmission.
6. Pressing cam bushings into  
engine blocks, St. Catharines.
7. Inspecting the inside of a  
transmission case, Windsor  
Transmission.
8. Welding the underside of a  
rear dump body of a 150-  
ton TEREX hauler, Diesel  
Division, London.
9. Loading hood to body,  
Oshawa.
10. Loading spare tire into  
trunk compartment, Oshawa.

## PAGE 7

1. Pouring molten iron into a  
casting, new nodular iron  
facility, St. Catharines  
foundry.
2. Spot welding automotive  
body parts, Oshawa.
3. Applying floor covering to a  
GM bus, London.

## PAGE 8

1. Control console, waste  
treatment facility, Windsor  
Transmission.

## PAGE 11

Pontiac Astre Hatchback

## PAGE 13

1. Body drop operation,  
Truck Plant, Oshawa.
2. Cutting seat material,  
Windsor Trim.
3. Polishing, final assembly line,  
Oshawa.
4. Automatic transmission at  
test stand, Windsor  
Transmission.

5. Painting a 65-ton TEREX  
hauler, Diesel Division,  
London.

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1. Locomotive final assembly  
line, Diesel Division, London.
2. Studding rear window  
opening, Oshawa.
3. Checking gear tolerances,  
Windsor Transmission.

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Chevrolet Caprice Classic Coupe

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Buick LeSabre

PAGE 25

Oldsmobile Vista-Cruiser

PAGE 27

Cadillac Coupe deVille



